

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: November 4, 2013
	Agenda Item No. 27 Roll Call No. <u>13-1727</u> Communication No. <u>13-546</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving the First Amendment to the Economic Development Loan Agreement between the City of Des Moines, Iowa and Eastgate Plaza, L.L.C.

SYNOPSIS:

Recommend approval of the First Amendment to the Economic Development Loan Agreement. The purpose of the Amendment is to permit Eastgate Plaza, L.L.C. (Norman Weinstein, President, 75 NE 6th Avenue, Suite 103, Delray Beach, Florida) to submit a \$150,000 payment on the \$350,000 Economic Development Loan provided by the City to Eastgate Plaza, L.L.C. in 2006. The loan funds were used to remove asbestos, disconnect utilities, demolish all vacant buildings and relocate all demolition material to an appropriate landfill to facilitate redevelopment of the Shops at Eastgate, located at N.E. 14th Street and East Euclid Avenue.

Eastgate Plaza, L.L.C. is preparing to sell land to Kum and Go for the construction of a new gas station and convenience store at the Shops at Eastgate. The project will begin construction this fall. The First Amendment to the Economic Development Loan Agreement will provide for \$150,000 from the land sale proceeds to be paid to the City immediately following the land sale. The remaining \$200,000 of the loan will be repaid by January 1, 2016.

FISCAL IMPACT:

Amount: \$150,000

Funding Source: Land sale proceeds from Eastgate Plaza, L.L.C. to be deposited in the Economic Development Enterprise Account.

ADDITIONAL INFORMATION:

On April 24, 2006, by Roll Call No. 06-0848, Council entered into the Second Amendment to the Agreement for redevelopment of the Shops at Eastgate. The Second Amendment indicated the City's intent to extend up to a \$350,000 loan to Eastgate Plaza, L.L.C. to conduct demolition work. The Economic Development Loan Agreement formalized the City's intent on May 8, 2006.

The required demolition work was conducted, but market response to the Shops at Eastgate redevelopment area was slow. Combined with the eventual economic downturn in 2008, this resulted in no new land sales until the current pending transaction with Kum & Go came about in 2013, despite active marketing efforts by Eastgate Plaza, L.L.C. The new investment by Kum & Go, along with

continued marketing, is anticipated to result in additional market interest, future land sales, and new investment.

PREVIOUS COUNCIL ACTION(S):

Date: May 8, 2006

Roll Call Number: [06-945](#)

Action: [Economic](#) Development Loan Agreement with Eastgate Plaza, LLC for redevelopment of the Shops at Eastgate (northeast corner of E. 14th Street and Euclid Avenue). ([Council Communication No. 06-265](#)) Moved by Mahaffey to adopt. Motion carried 6-1. Pass: Kiernan

Date: April 24, 2006

Roll Call Number: 06-848

Action: [Second](#) amendment to agreement with Eastgate Plaza, LLC for redevelopment of the Shops at Eastgate (northeast corner of E 14th St. and Euclid Avenue). ([Council Communication No. 06-213](#)) Moved by Mahaffey to adopt. Motion Carried 6-1. Pass: Vlassis.

Date: February 1, 1999

Roll Call Number: 99-340

Action: First Amendment with Eastgate Plaza, LLC. to allow Redeveloper an extension of time to complete the project (East 14th and Euclid). ([Council Communication No. 99-041](#)) Moved by McPherson to adopt. Motion Carried 7-0.

Date: June 22, 1998

Roll Call Number: 98-2078

Action: Agreement between the City and Eastgate Plaza LLC, for redevelopment of Eastgate Shopping Center (NE corner of E. 14th and Euclid). ([Council Communication No. 98-270](#)). Moved by McPherson to adopt. Motion Carried 5-1-1. Nays: Coleman. Pass: Vlassis.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Eastgate Plaza, L.L.C. will submit payment of \$150,000 to the City following the land sale to Kum & Go.

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